

# **USAID GEO**

## **GUYANA ECONOMIC OPPORTUNITIES**

### **Diagnostic Review of the New Guyana Marketing Corporation**

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# THE NEW GUYANA MARKETING CORPORATION

## 1 Introduction and Background

The Guyana Marketing Corporation (GMC) was created in 1963 by the Guyana Marketing Corporation Order under section 46 of the Public Corporations Act, Cap 19:05.

For almost 20 years, the Corporation reportedly operated as a traditional marketing agency for non-traditional agricultural products – that is, excluding sugar, rice and forestry – apparently offering to and buying all available produce even when there were no markets to which to redistribute the output. There are reports that, during this period, surplus produce purchased by the corporation was often dumped into the sea and the rivers.

By late 1984, the operations of the Corporation had become patently unsustainable, and the Corporation was severely reduced in size and scope of operations. The largely moribund institution was then placed in other state organisations, including the Guyana Pharmaceutical Corporation. Efforts were then made to conceptualise and develop a new role for GMC.

This led to the creation of the “New” Guyana Marketing Corporation in 1985, with a modified mandate to abandon the earlier policy of guaranteed prices and purchases of farmers’ output. The new mandate sought to focus more on the agency having a facilitating and co-ordinating role especially with respect to the domestic market.<sup>1</sup>

Between 1985 and 1996, the Corporation sought to discharge its new mandate as a facilitating agency in both the domestic and in export markets. In 1997 at the direction of the Ministry of Agriculture, the Corporation resumed an active role in the purchase and sale of produce at a retail level, through a number of retail outlets.

At the present juncture, the Corporation is once again seeking to review its operations and future direction, and has requested the USAID/GEO Project to assist in preparing a new strategic plan for the New GMC.

### *1.1 Objective of the Assignment*

The objectives of the assignment are:

- To review the mandate of the agency, including its legal status and powers;
- To review the structure, management, functioning and governance of the agency;
- To assess the development of capacities, capabilities and skills in the agency;
- To develop appropriate strategies in the core area of export facilitation and marketing;

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<sup>1</sup> Craig, Kelvin. “Proposals on the Role of the New Guyana Marketing Corporation.” Mimeo. April 24, 1985

To develop broad-based acceptance and approval of the agency and its work among its stakeholders and the general public.

## *1.2 Approach*

The objective will be achieved in two-stages. The first stage will consist of a Diagnostic Assessment, which will review the existing institution and identify the expectations of its stakeholders for the future of the organisation. This will include a review of the linkages and relationships among the various agencies, government ministries, and private sector organizations involved in the same or similar products and activities such as marketing and market information. The stage one assessment report will include findings and recommendations for a strategic direction for the Agency, including specific actions or activities to be undertaken and for the timing of the next steps.

In the second stage, a strategic plan that is based on the recommended strategic direction produced in the first stage will be developed outlining the targets and responsibilities to be set for the Agency, and the strategies, tactics and resources needed for achieving these. Implementation of the second stage will be dependent on a general agreement by the Board of Directors, management and key NGMC stakeholders. A decision as to proceeding to the development of a strategic plan will be made upon the completion and review of the phase 1 diagnostic assessment.

### *1.2.1 The Diagnostic Assessment*

The Diagnostic Assessment that constitutes the first phase of the comprehensive strategic assessment will include the following:

Review and evaluation of the organizational mandate, structure and capacities of the agency;

A review and evaluation of current activities and work plans;

A review and assessment of roles of and relationships among such other institutions as Go-Invest; Ministry of Fisheries, Crops and Livestock; and various producer groups.

Assessment of the Agency's financial and operational performance;

Assessment of the Agency's current capacities, skills and capabilities;

Evaluation of the expectations of stakeholders;

Evaluation of the Agency's strengths, weaknesses and gaps in terms of satisfying the expectations of its stakeholders;

An Outline of a potential strategic direction and approach for the development and improvement of the Agency.

At the beginning of the exercise, the team determined that while there remained significant difficulties in the domestic marketing of non-traditional crops, there was a real need to maximise the capacity of the country to export such products. The primary focus for the exercise therefore has been an assessment of NGMC and of the requirements for transforming it into the kind of agency that Guyana needs to adequately promote and develop the export potential of its non-traditional crops.

It is envisaged that the assessment of the institution would be followed by intensive consultations with the major stakeholders, especially the Ministry of Fisheries, Crops and Livestock, Go-Invest, exporters and producers in order to identify and achieve a consensus on the structure, powers and authorities with which NGMC ought to be invested. On achieving such a consensus, it would then be possible and effective to develop a comprehensive strategic plan for the agency.

Consequently, the Report that follows reviews the current structure and operations of NGMC, identifies the requirements for an agency to promote the export of domestic agricultural produce, and reviews and assesses NGMC's capacities and needs in fulfilling such responsibilities.

The assessment of NGMC was conducted along the following lines:

Interviews with:  
The Minister of Fisheries, Crops and Livestock;  
The Chairman of the Board of NGMC, who is also the CEO of GOINVEST;  
Deputy Chairman of NGMC;  
The Acting General Manager of NGMC;  
Past General Managers of NGMC;  
Officials of the Ministry of Fisheries, Crops and Livestock, including:  
The Chief Technical Officer  
The Director of the Plant Health Unit  
The Director of the National Agricultural Research Institute (NARI)  
Exporters of non-traditional crops;  
The Director of IICA;  
Producers of non-traditional crops;  
Processors of non-traditional crops; and  
The Senior Staff of NGMC

Review of NGMC records including Board Minutes, financial and other reports.

## **2 The Current Framework for Market Development and Export Promotion for Non-Traditional Crops**

### **2.1 Policy Framework/Matrix**

The activities necessary for the market development and export promotion for non-traditional crops come under the Ministry of Fisheries, Other Crops and Livestock. Guyana is fairly unique in that it has two ministries concerned with agriculture- one of these, the Ministry of Agriculture, deals primarily with rice, sugar, land and pesticides, while the other is responsible for everything else agricultural.

The actual situation of agricultural market development in Guyana is characterized by a number of agencies having responsibility for different areas of market development and promotion of exports. Sugar and rice, the main agricultural crops, are the responsibility of the Ministry of Agriculture. The regulation and registration of agricultural chemicals also falls under this Ministry. Other agro-exports such as copra, fruits, vegetables and root crops are under the Ministry of Fisheries, Crops and Livestock under which falls the New Guyana Marketing Corporation.

Other agencies that may have an impact on market development and the promotion of agricultural exports include Go-Invest, which falls under the office of the President, and which is the agency promoting investment in manufactures and handicrafts, and for promoting exports of these as well as agricultural investments.

In the areas of natural resource management and export development, the office of the Prime Minister deals with bauxite, gold and diamond exports and the Forestry Commission supervises the export of lumber and plywood, reflecting a similar situation of multiple or split responsibilities as exists with respect of the agricultural sector.

At the present time there does not appear to exist a single comprehensive document that clearly sets out the policy framework for non-traditional crops in Guyana. The National Development Strategy, developed by civil society of Guyana, is a draft strategy for the country that is yet to be adopted as official government policy. It proposes the creation of the Guyana Agricultural Research and Development Board to replace NARI, NDDP, NGMC and the Crops and Fisheries Departments of the Ministries.

The acceptance and implementation of the National Development Strategy is a matter for Guyana and the Guyana government to implement, or not. Nonetheless the proposal made in the Strategy is also a response to one of the key challenges which Guyana needs to address in the development of its agricultural exports. These are:

Coordination among agencies which are staffed but do not operate effectively, and  
The effective delivery of services to farmers and exporters alike.

### **2.1.1 Incentives**

There are a limited number of incentives that are provided across the board to the non-traditional agriculture sector. Some of the more important of these incentives apply for the export of products and are provided through the NGMC. Among the most significant are:

Preparation of the paperwork for export shipments, at a reduced fee. More importantly, this work ensures that the permits will be issued with a minimum of delays.

Provision of packaging materials from a stock held by NGMC, free from consumption taxes

Refurbishing and operation, at fees less than cost, of the Sophia Central Packaging Facility as part of an accord with Barbados and lately Antigua, for the export of agricultural produce to those countries.

Other lesser incentives include air transport services for mutton and goat meat from the interior to Georgetown.

Free exhibit space at interior trade shows or “Guyana Nights”.

## **2.2 Institutional Structure**

### **2.2.1 The Public Sector**

There are a number of agencies that are also under the MFC&L and also play a role in export.

Currently no formal ties exist between the NGMC and these agencies, but there exists an informal procedure for consultation and mutual assistance that facilitates the delivery of the services that are needed by producers and exporters. Included among these agencies are:

The National Agricultural Research Institute (NARI)  
The Plant Health Unit  
The Crops Department  
The Pesticide and Toxic Chemical Board (MOA)

NARI plays a key role in making crop and variety introductions to Guyana, and in establishing guidelines for production under Guyanese conditions.

The Plant Health Unit is currently in charge of pink mealy bug control measures. Certification of freedom from this pest is a necessary condition of the export of farm produce to Barbados and Antigua. Plant health has certified over 300 farms as being free from the pest, but notes that many of these are not being used as a source of product. The Plant Health Unit also notes that they are being used by farmers as an extension service. Here again we note a need for a better delimitation of roles in areas such as extension, and a lack of export market outlet for a large number of certified farms, indicating a need for market research and market promotion.

The Crops Department of the Ministry is responsible for the extension service. At the time of the consultant’s visit, there was an extension staff, but no resources to permit them to visit the field. In these circumstances, all the agencies engage in sporadic extension work at the farm level as may be required to facilitate production or exports, without this activity being central to their mandates. In a meeting with IICA, the consultants learned that IICA also was providing extension services to cocoa growers as part of a newly launched export venture.

A Pesticide Control and Registration Unit (Pesticides and Toxic Chemicals Board) has been created through legislation. It is lodged in the Ministry of Agriculture, which deals only with two crops, rice and sugar. Farmers and exporters alike need to know what pesticides they may or may not use in connection with crops they are growing for local market or export. Human safety issues aside, the use of unauthorized pesticides can lead to the loss of export markets.

Information as to which pesticides are permitted and which are banned in each market, is needed by farmers and exporters alike. The gathering and dissemination of this information cannot await the staffing and start-up of the authorized agency.

Coordination among so many entities in such a small country evidently warrants thought as to means of simplifying structures in order to obtain results.

### **2.2.2 The NGMC**

The New Guyana Marketing Corporation is a service organization within the Ministry of Fisheries, Crops and Livestock. In Section 5 below, we detail its current structure, organisation and operations. Its activities which are relevant to the growth and development of Guyana's agricultural exports:

Currently, a small number of persons in the non-traditional crops export sector are its main direct beneficiaries.

The NGMC supports (and actually subsidizes) a very small private sector group in export marketing undertakings.

The growth of the non-traditional crops sector and especially the growth of agricultural exports partially justify the existence of the New Guyana Marketing Corporation. However the volume generated by fruit and vegetable exports alone is probably not sufficient to maintain the institution indefinitely, unless exports grow rapidly in volume and value, or unless other items are added to its mandate.

Much of the agricultural produce exported from Guyana is relatively low in value. It is currently all exported by air, which adds to the costs and reduces exporter margins. Combining the drive to increase fruit and vegetable exports with a drive to also penetrate nearby markets for meat, fish and shellfish would provide a better economic base for sustaining public sector services in the area of marketing and market development.

### **2.2.3 Go-Invest**

Go-Invest is the investment and export promotion agency under the Office of the President. As such, it facilitates investment activity across a broad spectrum, including investment in agriculture. The CEO of Go-Invest is also the current Chairman of the NGMC Board. This duality of function offers considerable promise of furthering cooperation and coordination between both agencies. It is important that such a link is maintained in order to effectively identify and direct investment and market opportunities whenever these may be identified by any of the agencies or by potential investors.

### **2.3 Role and Structure of the Private Sector**

The private sector activity in the food crops and livestock sector includes producers and exporters who provide fresh, frozen and processed product to domestic and export markets.

#### **2.3.1 Producers**

Production of most agricultural commodities or products in Guyana is fragmented. Despite the large land area and the existence of large tracts of unutilized agricultural land, many farms tend to be small, of two to five acres in size. Much of the land used for agricultural production in Guyana is given out on the basis of 25-year leases, which does not provide adequate security of tenure to encourage long-term investments or sustainable agricultural practices.

In addition to the lack of clear or secure tenure of land, is the lack of transport infrastructure. Moving product to market is not simple since distances are long, rural roads are undeveloped, and transportation is fragmented in the absence of an organised system.

Electricity is irregularly supplied and expensive. This makes the establishment of a cold chain for the movement of agricultural produce from farm to market or export port extremely difficult. An exporter or processor needing to establish a cold chain would need to invest in generating equipment to supplement the often erratic and expensive local power supply.

Mention has been made of the inability of the Government to effectively field an extension service. In its absence, an alternative is to encourage the delivery of these services by the private sector, with the agro-supply sector the likeliest source of service, since this will be linked to the sale of agricultural or animal husbandry related inputs. If responsibly structured and if guided by an appropriate code of ethical conduct, this offers the prospect of information as well as inputs reaching the farmer in a cost-effective way. The role of government then could be restructured so as to facilitate the private delivery of services in connection with the sale of appropriate inputs, and to ensure that the system operates fairly and safely.

Other problems frequently mentioned are theft of product. Where title to land is lacking, and tenure limited, there is no incentive to invest in fences or other permanent methods of discouraging pilferage. The situation also serves to make agriculture even less desirable as an area for investment.

In many cases, producers have no direct links with exporters or local product outlets, often selling to hucksters and middlemen who then transport and sell the product to urban markets and to exporters.

#### **2.3.2 Exporters**

##### *2.3.2.1 Fresh Product*

There are no more than 8 or so full-time exporters of fresh fruits and vegetables from Guyana.

There are currently three exporters to Barbados, three to Toronto, and one or two to New York. Most exporters are not themselves producers, nor do many of them buy directly from



farmers. Most of them tend to rely on agents, also called “hucksters”, whose function is to assemble and transport supply to the exporter’s premises. These agents are the ones who buy the crop from the farmer, and typically deliver it to the exporter, who then grades and pack it for export.

The special requirements of certain markets such as Barbados and Antigua are also introducing changes into the sourcing arrangements described above. Both countries require that produce entering their country come from farms certified as free of pink mealy bug. This has forced exporters to concentrate their sourcing only on farms which have been certified as being free of the pest, and tends to diminish the role of the agent in the collection of product for export. Certification of a farm also indicates the intent to produce for export. This is an interesting trend, as it is likely to lead to efforts to produce with greater consistency and over a longer period of time, and to lead to contracts between producers and exporters of product.

The export of fresh produce from Guyana is severely limited by transportation availability. Airfreight service to Toronto is dependent on one carrier with direct flights, and on BWIA which involves transfer of cargoes in Trinidad. At the time of the consultant’s visit (late October), the direct service to Toronto moved from a weekly flight to a fortnightly schedule, impacting thereby the ability to maintain consistent and regular supplies into that important market. Freight rates are relatively high, averaging \$1.00 to \$1.20 per Kg, which also tends to limit marketing options.

While there is little that can be done to improve access to New York or Toronto, the option of outfitting one or more small vessels to carry product to Barbados and other islands is an option that needs to be looked at. It is likely that by eliminating airfreight to nearby islands like Barbados, Guyana could become more competitive and sell greater amounts of bulky products such as watermelon, plantain, and even cassava.

#### *2.3.2.2 Processed product*

Guyana produces a number of sauces and relishes such as Wiri Wiri pepper sauce, achar made from various sour fruits, and casareep for pepperpot stew. Unfortunately, packaging and containerization is sub-standard. Recycled bottles are frequently used. Plastic bottles, poorly sealed, leak. Information as to ingredients and contents is often lacking, or not up to the requirements of importing countries. Standard bottles are expensive. Electricity is twice as expensive as elsewhere in the Caribbean according to the National Development Strategy. Therefore Guyanese products are often substituted in Toronto, London or New York markets by these same products from competitor countries. Much product is hand carried by visiting Guyanese, or by returning emigrants, but the cost and other problems make it difficult to establish an export industry around processed foods. At the very least, this will have to await the development of cheap energy in Guyana, and the instauration of an export culture that actively seeks to drive out unnecessary cost .

#### *2.3.2.3 Frozen Product*

Guyana exports a fair amount of frozen fish to Toronto, where it is welcomed by the emigrants who desire varieties they are familiar with. Indeed the quality, quantity and price of fish observed at the Bourda market indicates that Guyana can be very competitive in this area, and can probably serve the upscale tourist markets of the islands with excellent quality product. It is likely to be much more lucrative than plantain, cassava and watermelon. Recent advances in aquaculture make it likely that many local species can be pond raised. Tilapia filet and shrimp culture cry out for development, given the nearby local markets in need of supplies during their tourist seasons.

### **3 The Export Potential for Guyana Commodities**

#### **3.1 *The Structure of The System for Exports***

There exists a very simplified system for the export of non-traditional products, featuring a limited number of actors, providing a relatively small range of products to a limited number of markets.

##### **3.1.1 Markets**

There are three main export markets for Guyana's fresh fruit and vegetables. The largest is Barbados once again, now that quarantine measures caused by pink mealy-bug have been relaxed. The second largest market and the one with the greatest variety of exports is Toronto, home to a large number of Guyanese. A third market is New York, also home to a significant minority of Guyanese origin. All three markets are currently served by air. In the case of Toronto and New York, this is necessary given the lack of other viable transport alternatives for perishable products. In the case of Barbados, the use of airfreight stems from the lack of a dedicated shipping service and from the lack of steady volumes as well. Other markets nearby such as Antigua show a certain promise. Nonetheless there are competitive and other constraints.

Currently St Lucia and St. Vincent compete for the Barbados and other Caribbean markets. These two countries are sailing their products into Barbados and Trinidad, and thereby benefit from lower transport costs. Because product lands at the quay near the market in Bridgetown, the transport costs to Bridgetown destinations are less than Guyanese product landing at the airport and then needing to be transported to market.

Another factor is whether or not there is a hurricane during the season. Hurricanes are likely to disrupt and destroy production on Barbados and St Lucia, and to a lesser extent on St Vincent. The absence of a hurricane will impact the demand for Guyanese produce in Barbados. The lack of a hurricane will probably be reflected in a fairly flat growth of certain exports to Barbados this year. The other factor in demand is tourist season, generally the winter and spring months, which see a large demand for Guyana limes in Barbados.

#### **3.2 *Value And Volume Of Exports - Recent Trends***

Data was gathered from Annual Reports and monthly reports provided through NGMC. Exports of fresh fruits and vegetables declined severely beginning in 1997, with the imposition

of quarantine measures on Guyana fruit and vegetables by Barbados and Antigua due to the presence in Guyana of pink mealy bug. In 1996 Regional air shipments of fruits and vegetables were 819 MT. In 1997 they declined to 272 MT and in 1998 to 170 MT. Extra-Regional air shipments also declined from a high of 504MT in 1995 to a low of 337 MT in 1997. Total air shipments in 1998 resulted in foreign exchange remittances of \$278,509. In 1997, sea shipments, which were almost entirely of heart of palm, were worth a total of \$2,551,873. Guyana's trade in fresh and processed fruits and vegetables appears to have been between \$ 2,500,000 and \$3,000,000 per year between 1995-1998.

Following negotiations with Barbados and, later, Antigua, and due to heavy purchases of plantains by Trinidad, exports by air in 2001 recovered to 1,007 MT. Shipments of heart of palm were on the order of 2,411 MT in that same year. Value figures were not obtained, but a clear recovery was underway. This trend strengthened in 2002, with the Barbados market accounting, in the first 9 months of the year for 495 MT of a total of 915 MT of fresh fruits and vegetables exported by air during this period. During this same period air shipments to Canada were on the order of 265 MT, and 71 MT to the United States. Sea shipments of heart of palm, in contrast, declined to 966 tons during these first 9 months of the year. All heart of palm shipments are to France.

### **3.3 *The Barbados Market***

Of the 495 MT shipped (by air) to Barbados in the first 9 months of 2002, 458 MT, or 95%, consisted of just 5 products - plantains (208 MT), pineapples (94 MT), watermelon (68 MT), limes (60 MT) and pumpkins (28 MT). With the exception of limes, these are bulky commodities normally shipped by sea. With proper handling and a reasonable amount of cooling, say to 60 degrees Fahrenheit, all of these products should be shippable to Barbados by sea.

Sea shipment is recommended as a means of driving down cost, and improving competitiveness in the Barbados market. Enhanced competitiveness should result in higher volumes shipped. Two methods are proposed for consideration:

Use of a small motorized vessel, such as a converted brigantine or fishing trawler making 2 trips per week between Georgetown and Bridgetown.

Containerized shipment in a refrigerated container. Frequency of service, weekly at least, and a direct linkage to Barbados needs to be assured first.

### **3.4 *Canadian Market***

Of the 265 MT shipped to Canada in the first nine months of 2002, over half of the volume (156 MT) consisted of mangoes, primarily of the Buxton Spice variety. Bora (long bean) was a distant second, at 27 MT, and hot peppers, including the Wiri Wiri type third with 15 MT. A host of other tropical fruits and vegetables were shipped, reflecting the absence of entry barriers in Canada. Some of the products shipped, such as ginep and mamey apple are appreciated by Central Americans and have a certain cross over potential in the Canadian

market. Other products such as corilla (bitter melon- *Mumordica charantia*) also have cross-over potential and could be shipped if there were refrigeration to hold them prior to shipment by air. The lack of a cold chain added to the cost of airfreight and the unreliability of air service pose considerable barriers to any expansion of the trade to Canada.

### **3.5 *Trinidad Market***

Trinidad is an inconsistent buyer of plantains from Guyana. In the months of August through December of 2001, exports of 281 MT were registered, while in 2002 a total of 75 MT were shipped January through April, and none thereafter. Evidently Trinidad buys only from Guyana when domestic or other nearby (Venezuela) supplies are not available. A few pineapples are also shipped to Trinidad. In the first 9 months of 2002, 77 MT of fresh produce were shipped to Trinidad, making it the third largest destination for Guyana's fresh fruit and vegetable exports.

### **3.6 *USA Market***

US phytosanitary barriers are among the most stringent in the world. The admissibility of most products to the United States has to be decided on a case by case and country by country basis, and only after the performance of a pest risk analysis for the product in question, or after forced infestation trials. Meeting these requirements is expensive, and currently beyond the ability of a country like Guyana to undertake on a solo basis. The likelihood of a substantial amount of export resulting from such an endeavour is also doubtful.

The US market is fourth in importance as a destination of fresh product. In 2001, a total of 115 MT were shipped. In the first nine months of 2002, 71 MT of product had been shipped. Hot peppers and eddoes are the main export to the United States. Thirty tons of peppers had been shipped through September of 2002, and some 29 MT of eddoes were shipped in the same period. These two items account for 83% of the fresh produce shipped to the United States.

### **3.7 *Economic Significance Of Fresh Produce Exports***

It is estimated that foreign exchange earnings resulting from fresh fruit and vegetable exports are approximately \$500,000 US at current levels. Depending on volume of heart of palm, and on French market prices (the Euro has recently strengthened), It is estimated a further \$2.5 to \$3.0 million dollars from sales of processed product. Since the heart of palm business does not require the services of the NGMC. NGMC is currently overseeing activities that bring in substantially less than a million US dollars in foreign currency per year. In light of the failure of horticultural exports to expand or to grow significantly when the last 7 years are taken into account, it may be appropriate to review the current export development strategy.

### **3.8 *Evaluation of the Export Strategy***

The fruit and vegetable strategy embodied in the NGMC focuses on markets in the Eastern Caribbean and North America.

The largest market, Barbados, is likely to absorb some 750 MT of Guyanese fruits and vegetables in 2002. The commodities shipped are relatively inexpensive commodities being sent by an expensive means, by air. Barbados, like most of the other island nations of the Eastern Caribbean has a small population and must import at least some of its food. Tourism is an important industry on many islands, and adds to the demand for food. Unfortunately much of what the tourist demands is not what Guyana ships, with the exception of pineapples and limes. The small size of the population, even with tourists means that growth of this market is likely to be relatively slow.

Trinidad has traditionally been a market for certain products, notably pineapples and plantains, and is likely to continue to provide opportunities for exports from Guyana, but such exports will face competition from sources in the smaller islands such as Grenada and St. Vincent. The smaller CARICOM states like St Lucia, Dominica, and St Vincent have significant farm populations, and are competitors in the export of the same commodities available from Guyana.

Brazil and Venezuela are not taken into account as potential markets. Yet they are potentially the biggest markets for Guyanese products. Since there is no Spanish or Portuguese language capability in NGMC, access to market information will be difficult. Nonetheless Venezuela is famous for being a largely non-agricultural country with exceptional prices for items such as tomatoes at certain times of year. Brazil, which has a temperate climate in the South, has interesting windows for products such as mangoes. There may be quarantine barriers, but with its large population Brazil could be an attractive market. Large population centres at Belem and Fortaleza, while inaccessible by road, are not distant by sea.

### ***3.9 An Alternative Strategy - Focus On High Value Products***

Guyana is likely to enjoy greater returns from cultivating an acre of shrimp rather than an acre of plantains or cassava. Since most of the coastal strip is suited to aquaculture, lying as it does below sea level, this is a recommended area of focus. Aquaculture products are likely to find ready markets in the tourist trade of the Eastern Caribbean.

Beef, mutton and other meat products are also commended for study as products to actively support. Other areas to look into are the possibility of producing high value flowers such as Dendrobium orchids and Vanda-Aranda hybrid orchids for the cut flower market. The advantage of these products is that they are not heavy and bulky like the Heliconias, and they have vase lives in tropical weather of two weeks or more. Miami is a centre for floral distribution and these could find a welcome market.

#### **3.9.1 Add Value**

The development of a competitive Guyanese processed foods sector is going to have to await improvement in the local infrastructure for transport and the power generation infrastructure of the nation. No recommendations are therefore put forward for this sector, other than to focus on the development of the infrastructure necessary for competitiveness.

However there is an area in which value can be added, and that is in packaging lightly processed vegetables for the Regional market and the emerging supermarket culture. Examples would be parafinating cassava roots so they can be shipped to local and regional markets and held for several days without spoilage. Another example would be in pre-packaging clean and good quality ochro (okra), bora (long bean) or other vegetables in packages with a uniform weight (say one pound or 500 grams), and shipping them in refrigeration to local and regional markets. Pineapple chunks could be sold to the island hotel chains. All this will require a packaging centre larger and more sophisticated than the one at Sophia. However there already is a demand for refrigeration from exporters, and this demand could serve as a base for beginning to process added value products for the local and regional markets.

#### **4 Towards a New Framework for Market Development and Promotion of Exports for Agricultural Products**

The discussions and interviews that were held with officials, farmers, exporters and manufacturers in the agricultural sector of Guyana, together with our own observations lead us to the conclusion that the critical element in generating future growth in the agricultural sector will derive from its ability to successfully exploit opportunities for exporting agricultural produce and processed products partly as one of the strategies for encouraging substantial increases in agricultural production and for improving the organisation of the agricultural sector.

Our observation is that while there is considerable production of the non-traditional foods in Guyana, there are also severe limitations in the distribution chain deriving from distance and remoteness of some of the major producing areas, poor transportation and road systems and severe post harvest handling and packaging problems. As a consequence of these, products reaching the major markets are often of reduced quality.

A further problem arises from the significant fragmentation of the agricultural sector where a large number of relatively small farmers produce the bulk of the output. This fragmentation impacts the production and marketing processes in a number of ways, including an inability to develop sound systems of cooperation and joint production or management. As a result, it is likely that where large markets may potentially be reachable, it may prove extremely difficult to consistently guarantee the quantities and quality of product that may be required.

Against this background, it is our recommendation that the NGMC focus its attention on developing the potential for export markets.

In this section we attempt to develop a framework or template that will establish a standard for an agency that is charged with the responsibility of promoting agricultural exports and against which it may be possible to assess the NGMC.

##### **4.1 Mandate**

An agency with the responsibility for encouraging the development of exports of agricultural produce in Guyana ought to be vested with a mandate in the following terms:

- To analyse potential markets for the export of agricultural and processed products from Guyana;
- To identify products that may be potential winners in specific export markets;
- To develop appropriate market intelligence for products with export potential, including knowledge of producers, processors, exporters, importers and distributors in the target markets, as well as producer and market prices in such markets;
- To encourage the development of cooperative ventures in Guyana to ensure the consistent supply of quality produce;
- To encourage the development of best practices in post harvest handling and packaging of produce, including the introduction of a packing facility of the required quality;
- To encourage growth in the number of reputable exporters active in Guyana;
- To encourage the development of producer and exporter associations that will have the capacity to help their members meet the requirements of their markets;
- To encourage the development of alternative shipping mechanisms for produce to export markets;
- To ensure that the highest standards of product quality are maintained for Guyana's produce;
- To develop an image for Guyana's export products.

The elements of this mandate should be prescribed in law and the agency should be limited in its capacity to undertake activities that are outside its mandate.

#### **4.2 Governance and Authority**

A Board of Directors comprised of representatives of farmers/producers, exporters and persons with experience in law, business, marketing and agriculture will govern the agency.

Typically the responsible Minister will appoint the Board for such term as he may see fit. However, it would be preferable if the term of appointment could be long enough to allow for a full evaluation of the Board's and the agency's effectiveness, that is for a term of about three years, with provisions for staggering appointments in order to ensure continuity.

The nature of the very competitive environment within which an export promotion agency must operate also demands that the agency reflect clear lines of authority and governance which are conducive to transparency. The agency should have stated policies and/or procedures for:

- Relationship between the Board and the management – including frequency of Board meetings, format of Board reports, respective areas of responsibility of the Board and of the management, lines of communication between the Board, management and staff;
- Financial regulations – approval and spending limits, procedures for incurring expenditure, reporting requirements, tenders and contracts;
- Human Resources Management and Development – job descriptions, compensation policy, personal performance and review, leave, travel, study;
- Corporate and business planning;
- Corporate measures of performance.

These policies and procedures should be designed to ensure that there is transparency, accountability, predictability and flexibility.

The Board must therefore ensure that a management team of adequate technical and managerial skill, expertise and experience is appointed to manage the day to day operations of the agency. The management team will be responsible for planning and conducting the operations of the agency, including;

The preparation of strategic, financial and operational plans;

The establishment of measurable targets and results expected from the operations;  
Reporting to the Board on a monthly basis on the progress of operations and on all relevant financial matters;

Reporting to the Board on its performance in meeting the plans and targets that have been established.

The Board must delegate the appropriate level of authority to the management and hold them accountable for the performance of the agency. In this regard the Board will ensure that a performance management and measurement system is put into place and is utilised to evaluate the management's and the agency's performance. The Board will report to the Minister.

#### ***4.3 Operating Philosophy***

To survive, thrive and develop results in the very competitive international environment, an export promotion agency requires an operating philosophy that gives its management and staff:

Focus  
Clear targets  
Defined areas of competence

The mandate that has been outlined above provides guidelines for an appropriate operating philosophy.

#### ***4.4 Organisational Relationships***

It would be imprudent to attempt to duplicate within the agency all the skills and experiences that properly ought to and do reside elsewhere in the environment. Consequently, the agency should not attempt to provide an extension service to farmers, which is a function of the Ministry. At the same time, the need for the agency to facilitate the activities of farmers and exporters naturally involves the development of critical relationships with other organisations and agencies in both the private and the public sector – such as the Ministry, NARI, Customs, GoInvest, Exporter and Producer Associations, and critical participants in the target markets.

The development of such relationships and their effective execution to the benefit of the participants are very critical and important skills for the agency as a facilitator of agricultural exports.



#### **4.5 *Organisational Structure and Functioning***

The experience of Guyana as well as of other countries in the Region and elsewhere indicates that the formation and operation of an agency that promotes the export and production of agricultural products are fraught with potential booby traps. Of particular concern is the tendency for such agencies to lose their focus and to become involved in what may be defined as politically attractive options to provide price supports and subsidies and opportunities for producers to dispose of their production.

We have previously noted that the issue for Guyana is that of striving to secure as many export markets for agricultural products and processed goods as possible, while the government makes the required efforts to improve the infrastructure for agricultural production, particularly in the improvement of the transportation and distribution systems.

An agency that is charged with this mandate will therefore need to acquire a highly developed set of skills, reflected in an organisation that will engage these skills in highly effective teams that can achieve the multiple objectives of the agency. These skills are understandably scarce in Guyana and may be difficult to acquire, and having acquired them, the agency will need to be very proactive about compensating them attractively in order to retain their services.

Moreover, apart from the issue of compensation, the agency will need to remain focused on its key functions, not only as a necessary requirement for achieving success, but also as a means of keeping those rare skills motivated and willing to remain at the agency.

In this regard, it is possible to identify some of the key functions that such an agency will be required to discharge.

##### **4.5.1 Functions**

In the course of export promotion we could identify a number of functions and activities that need to be addressed.

###### **Advocacy**

Networking with stakeholders

Lobbying and securing buy-in from impacting agencies, bodies, etc.

Communicating and educating stakeholders about the positions and philosophy of the agency

Representing views that proactively position the agency and the country.

###### **Information**

Research design, execution and management to inform positions on which decisions will be made and policy recommended.

Development of databases which are easily accessible, user-friendly and provide timely, relevant and accurate information to support the mission of the agency and the development of its stakeholders.

###### **Export Facilitation**

Facilitation of the export process with a view to keep transaction costs to the minimum.

Development of an enabling and facilitating environment, including recommendations for policy and regulatory changes which will make the conduct of exports easier.

#### Marketing and Promotion

Creating international awareness of the country as a good source for the targeted products.

Identifying priority markets, opportunities and buyers.

Identify priority sectors for promotion of production for export.

Development of profiles of sectors and projects for possible consideration for investment and production.

Development of marketing materials.

Co-ordination of marketing and promotion activities.

Development of an image for exports from the country

Ensuring the integrity of the country image by ensuring that products meet acceptable quality standards.

#### Training and Human Resources Development.

Continuous improvement of the human resources available through training of the agency's staff and through planning for human resource development.

### ***4.6 Required Skills and Experience***

It is accepted that an export promotion agency in a small developing country will not be able to support a full range of specialised skills, especially in a specialised area such as agriculture. It therefore becomes very important to be creative and flexible in the manner in which staff is recruited and assigned.

The precise balance of required skills and experience may change from time to time as the agency matures and as the agricultural sector develops and farmers and exporters develop their own skills in identifying and exploiting opportunities for export.

Initially therefore the organisation should have skills in the following areas:

Economic, agribusiness and market analysis – applicable for facilitation, and research.

Negotiations and communications – applicable for advocacy, including the building of private sector capacity.

Training.

Marketing and promotion.

Project Management.

An attempt should be made to recruit staff with backgrounds in agriculture, post harvest handling and agribusiness and to train them in the skills outlined above. Creativity and flexibility will need to be manifested in the recruitment of staff to ensure that there is potential for changes as the needs arise. Failure to recruit in this manner may mean that as the needs of the organisation change, staff will have to be changed and institutional memory could be lost unnecessarily.

## **5 The Current Operations of the “New” GMC**

The “New” GMC has operated since 1985 under the original legal mandate as prescribed in the Guyana Marketing Corporation Order, 1963, but has operated under a modified mandate that emphasises its facilitative role. For a period of time, this seemed to work reasonably well until 1997, when the powers of the original mandate were effectively resuscitated to bring the Corporation into the retailing of produce and other manufactured goods.

Further, the Corporation became involved in the purchase of copra in the Pomeroon area, utilising local agents in a barter arrangement that involves the exchange of copra for oil, along with some cash.

It has been reported that the resumption of the trading mandate has not served the Corporation very well from a number of points of view:

There have been a number of resignations from the Technical Division, which was primarily engaged in the collection and dissemination of market and price information. The suggestion has been made that the retail trading has diverted most of the Corporation’s attention to the problems of the outlets and that this contributed to the loss of the Technical staff;

This loss of staff has resulted in a reduction in the quality of market information. The staff shortages continued for some time and it is only in September 2002 that three new trainee Technical Officers were recruited.

The trading outlets have not performed very well financially, with only the Georgetown outlet showing a record of profitable operations. It has been noted, however, that this assessment is based on a method of allocating overhead costs that may not adequately account for the full level of staff effort that is required to support the operations. For example, a considerable part of the operations of the Accounting Department are devoted to the support of the trading operations, especially at Robb Street.

Despite the reports of trading profits, the levels of sales in the trading operations have not met the original targets and have in fact been falling over the past three years.

In the recent effort to support the copra industry by direct intervention in a barter system, problems have emerged in accounting for the produce held by private agents for the GMC.

These issues suggest that there is a need to revisit and to clarify the mandate of the Corporation.

### **5.1 *Mandate***

The original mandate of the Corporation is laid out in section 6 of the GMC Order, 1963 and authorises the Corporation, among other powers, to trade or deal in any produce or commodity

in its own discretion, engage in the activities of a producer or manufacturer and to sell, store, pack, adapt for sale, insure, advertise and transport any produce or commodity.<sup>2</sup>

The original interpretation of these powers in 1963 permitted the Corporation to act as a price support and subsidy agency, purchasing all goods and services offered to it for sale by farmers at guaranteed prices. When this approach proved to be no longer sustainable under the prevailing economic circumstances, the Corporation became essentially moribund, operated from within other agencies, and lost a significant part of the assets that it had accumulated in discharging the massive price support mandate.

The 1985 revision of the Corporation's mandate defined the "New" GMC as the government agency charged with the responsibility to improve market access and to provide market intelligence, and with facilitating the exportation of agricultural produce by present and potential exporters.<sup>3</sup>

The new mandate was adopted without any revision in the legal framework (the 1963 Order) that empowers the Corporation, presumably on the basis that the drafting of the Order was sufficiently wide to accommodate the change without the need for an amendment.

The subsequent partial reversion to direct market intervention and trading, and the obvious demands that these make on all of the Corporation's activities, suggest that there is now a need to revise the mandate and perhaps to clarify any new mandate in a new, redrafted Order.

This need is emphasised by evidence noted in the minutes of meetings of the Board of Directors since 1999, where the question has often been raised about the manner in which certain activities were embarked upon, and the implications of actions in relation to one crop on the expectations of farmers and others in other crops.

Currently, the NGMC sees itself as conducting a discrete number of operations as follows:

- Trading outlets in Georgetown, New Amsterdam and Lethem;
- The Central Packaging Facility for exports to Barbados and Antigua;
- Monitoring produce prices and exports;
- Providing advice to farmers and exporters on export opportunities;
- Promoting the "Buy Local" campaign for agricultural produce and manufactures, including the organisation of a number of "Guyana Nites" fairs and exhibitions; and
- Providing its necessary administrative support (including brokerage) services.

## 5.2 Governance

The Board of Directors, comprising 7 members, is responsible for the governance of the Corporation. The General Manager of the Corporation is an ex-officio member of the Board. The Minister of Fisheries, Crops and Livestock appoints members for a term of one year. The

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<sup>2</sup> "Guyana Marketing Corporation Order". O97/1963, Section 6

<sup>3</sup> Craig, K. "Proposals on the Role of the New GMC"

Minister points out that the term is designed to allow for an annual review of the performance of the Board that will inform its reappointment.

It is not clear how this approach to the appointment of Board members impacts on the operations of the Corporation. It becomes clear, however, from perusal of the Minutes of Board Meetings, that Board Members are actively engaged in visiting farmers and exporters, and arranging and organising agreements, market assessments, and other operational matters for the Corporation.

The Board holds regular monthly meetings at the offices of the Corporation and, occasionally, in locations outside of Georgetown, closer to the farming communities. The current Chairman of the Board is also the Chief Executive Officer of the Guyana Office for Investment (Go-Invest). This appointment raises several interesting possibilities for improving the levels of cooperation between Go-Invest and the NGMC, since the former is responsible for the promotion of exports and investment for all of Guyana, while NGMC has responsibilities for the promotion of exports in non-traditional agricultural products.

The Minutes of Board meetings are well maintained and filed, and clearly indicate that the Board pursues all matters related to the operations as outlined above. The evidence suggests, however, that there are a number of issues that have taken several meetings before being resolved. This may be a result of a number of factors, none of which can be confirmed or discarded from the evidence of the Minutes. Among these factors are:

- Insufficient delegation of authority from the Board to the Management;
- The ineffectiveness of Management in pursuing Board decisions to a conclusion;
- The limited authority of the Corporation to implement needed action or changes in an environment where the Central Government has control and responsibility for regulating the many aspects of business;
- The ineffectiveness of the Board itself in obtaining prompt responses and positive action from Management; and
- The limited ability of both the Board and Management to influence farmers, exporters and regulators.

The Corporation has also completed all of its financial audits up to the financial year ended December 31, 2001, although the audits for 1999 and 2000 were both completed in the fourth quarter of 2001. The 2001 audit was completed in June 2002.

It is clear that the Board of Directors has approached its responsibilities with seriousness and that it seeks to ensure that the Corporation is well governed. The major areas of weakness in the governance process seems however to be in the apparent absence of clear policies and procedures for the conduct of its operations – a reflection, in part, of continued lack of clarity in the mandate – and the absence of policies and procedures for ensuring prompt and effective management action.

### **5.3 Structure**

The Corporation is organised essentially into three Divisions – Administrative/Accounting, Marketing and Technical. Currently, with the resignation in May 2002 of the General

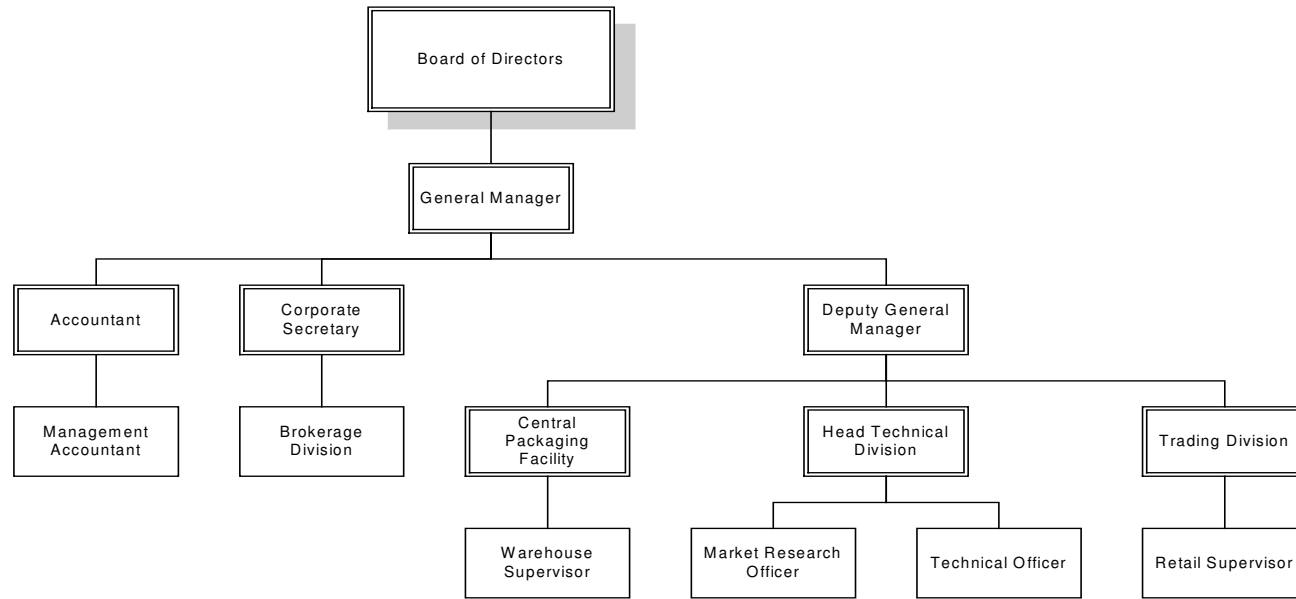
Manager, there is yet to be an appointment of a new incumbent, and the deputy General Manager and Head of the Technical Division has been acting in the position of GM since that time. Indeed, the DGM has been acting as head of the Technical Division for some time since the departure of the substantive Head sometime in 2001.

The inability of the Corporation to restructure its Technical Division underscores concerns about the effectiveness of the GMC and its role in the market. It also raises the question of whether, in the face of severe resource shortages in the sector and in Guyana, the Corporation ought to be merged with another agency.

The Corporation now employs some 33 persons, six of whom are on temporary or part time assignments. The existing organisation chart is shown at Chart 1.

Chart 1

## NGMC\_Current Organisation Chart



## **5.4 Operations**

The NGMC currently is engaged in a fairly limited number of operations. The most extensive of these, in relation to the number of staff that are occupied in the activity, relates to the retail sales activity, where the agency manages three units in Georgetown, New Amsterdam and Lethem. In this regard, the copra buying arrangements in the Pomeroon may also be regarded in a similar light, although the agency does not in fact deal physically with the product.

The second substantive operation that is currently conducted deals with the Central Packaging Facility where produce destined for Barbados and Antigua is cleaned and packaged for export.

The collection of market prices continues to take place, along with the collection of information on the export of produce. As well, the brokerage service through which exporters are helped to process their documents continues to be provided by the agency.

Finally, the agency is very involved in the preparation for and participation in a number of local exhibitions such as Guy Expo and the "Guyana Nites".

In the context of the loss of staff, including the General Manager, the absence so far of a new appointment to the position, and the recent recruitment of young, inexperienced technical officers, the clear demarcations outlined by the organisational chart are not effectively operational. The acting General Manager and substantive Deputy General Manager directly supervises all of the technical/marketing operations while being responsible for the management of the agency.

### **5.4.1 Retail Trading**

The NGMC operates three retail outlets in Georgetown, New Amsterdam and Lethem. A fourth outlet in Corriverton was subsequently closed. These were started in 1997 at the request of the Ministry of Agriculture, with an apparent objective of encouraging the marketing of fresh produce through groceries and supermarkets in Guyana.

The original estimates were that these outlets would generate sales of some GY\$ 39.2 million in their first year of operation, earn a mark-up of 10%-15%, reduce customer prices and improve producer prices (by virtue of the smaller mark-up) and be a profitable, income-earning venture for the agency.

Initial projections were that sales would grow from GY\$ 39.2 million in the first year, 1997, to GY\$ 59.8 in 1998, and GY\$ 77.7 in 1999. Gross profit margins for each year were projected at 15.6%, 14.2% and 13.7% in each of the first three years, respectively.

The actual results have turned out to be different, with sales turnover declining steadily since 1999.



The New Guyana Marketing Corporation									
Results of Trading Operations									
GY\$ Millions									
Item	Projected			Actual					
	1997	1998	1999	1997	1998	1999	2000	2001 YTD	2002
Turnover	39.2	59.8	77.7		51.7	55.7	48.4	41.1	28.9
Cost of Sales	33.1	51.3	67.1		39.3	45.4	41.3	34.9	24.2
Gross Profit	6.1	8.5	10.6		12.4	10.3	7.1	6.2	4.7
Gross Profit Margin	15.6%	14.2%	13.7%		24.0%	18.5%	14.7%	15.1%	16.3%

Annualised sales for 2002 are projected at GY\$ 38.5 million, some 30.8% less than the turnover generated in 1999 and 6.2% less than the turnover in 2001.

Other concerns about this operation, apart from declining sales, are:

Goods purchased for resale at these outlets are generally not purchased from farmers/producers but from middlemen. The Board of NGMC has been informed that in New Amsterdam, prices in private sector supermarkets are lower than those at the NGMC outlet. In

Lethem, the principal activity of the outlet is the purchase of mutton for shipment to Georgetown, and the sale of a limited range of items, primarily to Government agencies in the area.

The quality of produce on display at Georgetown is not of the highest standard. Although monthly management accounts demonstrate that the Georgetown outlet is profitable, these accounts do not reflect a comprehensive allocation of overhead costs to the outlet. For example, most of the accounting staff is dedicated to the requirements of the outlets. In any event, even in the management accounts, both the New Amsterdam and the Lethem outlets are clearly not profitable.

These operations have apparently had a significant impact on the orientation and focus of the agency, and may be one of the contributory factors to the loss of technical staff in the past.

Our investigations have revealed no clear economic or strategic justification for the continuation of these operations.

#### 5.4.2 Packing Facility

The packaging facility has been created in response to the requirements of the Barbados government for the resumption of trade in fresh produce between Guyana and Barbados, following the outbreak of the Pink Mealy Bug infestation in Guyana. This trade was originally facilitated by a weekly trip by Barbadian plant health personnel, the expenses for which were met by the Guyanese exporters. After several months of this the Barbados officials indicated that they would be prepared to accept produce that was inspected, cleaned, packed and shipped from approved packing and handling facilities.

The NGMC was given the task of implementing a central packing facility for use by exporters to achieve the required certification for exports to Barbados. More recently, Antigua has also indicated that it will accept produce shipped under similar certification procedures as applies

for Barbados. Consequently, the central packing facility is a critical and important part of the export potential for non-traditional crops – not only in the short run for Barbados and Antigua, but also in the longer run for potential exports to regional as well as international markets where packaging and certification issues may be of major consequence.

In implementing this responsibility, the NGMC has been beset with a number of problems including the lack of a proper building for the facility and the lack of adequate capital to convert the available building at Sophia into a facility of the required level of quality. In July 2002, the GEO Project funded the services of a Consultant to advise on improving the quality and standards of the facility. Although some recommendations have been implemented, there is no indication that a plan has been developed to implement all of Dr. Picha's recommendations. Indeed, the NGMC did get a capital allocation of GY\$ 1.2 million in the current financial year for improvement works to the packing facility. Unfortunately, the plans for such capital improvement works were developed and approved before Dr. Picha's intervention and advice, and the works that are currently underway do not conform, in some respects, to those later recommendations.

The facility started operations in 2001 and processed a total of 488 tonnes of produce in that year. In the current year up to September 30, the facility has processed some 469 tonnes of product and will certainly surpass the throughput of 2001. There is however a slightly disturbing sign of a fall off in produce processed through the facility in the past three months both in absolute terms and in comparison to the same period in 2001. In the third quarter – July to September – 2001 the facility processed some 150 tonnes of product but has done only 107 tonnes in the same period in 2002, with only 33 tonnes being processed in September 2002, the lowest throughput since June 2001.

On the operational side, the packing facility has been implemented with a substantial subsidy to the exporters that, on the face of it, does not seem to be necessary. When the Barbados officials were visiting to certify shipments, the three active exporters jointly shared the US\$ 600 weekly cost of the officials' visit. That is each paid US\$ 200 per week (GY\$ 37,800 per week). Under the present arrangements, they are only charged a fee of GY\$ 2,000 per weekly shipment. With such a huge and unnecessary subsidy, the facility does not have the financial capacity to either improve itself or to maintain a proper level of operations.

Further, the NGMC has done little to encourage other potential exporters to use the facility to export to Barbados, Antigua and elsewhere, leading to an increasingly generally accepted view that the existing three exporters have cornered the export market. With the growth of exports to Barbados that has been experienced so far in 2002, this is entirely a wrong impression, and an inappropriate strategy for export development.

#### **5.4.3 Market Information**

In previous years, the NGMC had developed some capacity for collecting and providing market information, even if there has been criticism that there was little analysis of the information. More recently, its capacity to collect market information has been severely reduced and the agency now only collects and disseminates a limited range of domestic price data, and statistics on exports. Management has admitted that the reduction in its technical staff has significantly impaired its ability to provide this service at an appropriate level.

#### **5.4.4 Brokerage**

The brokerage service is a service whereby NGMC officials complete export documentation for exporters and facilitates their approval by Customs officials. In addition, the agency processes applications by exporters for waivers on consumption taxes on packing material for exports. The brokerage services are manually delivered at relatively low user fees. The service appears to produce some 32 Customs forms monthly and a similar number of tax waiver applications. For these activities, the service earned fees of GY\$ 114,000 in September compared to GY\$ 62,400 in August and GY\$ 76,500 in July 2002.

Since no records are kept for management purposes and for analysis, it is difficult to evaluate the impact of the service on exports. For example, it is not possible to determine what percentage of the exports relies on the service, nor is it possible to determine whether all exports applied for are actually shipped.

Management indicates that despite the low level of fees charged, the income from this activity are adequate to cover the cost of the clerical officer assigned to this function. It is less clear whether the total costs of the service are being covered.

#### **5.4.5 Exhibitions & Shows**

The NGMC is actively involved in a number of “Buy Local” or “Guyana Nites” exhibitions and trade shows and may undertake several of these each year. Unfortunately, while some account is taken of the financial returns from these events, it is quite difficult to determine the market impact of the shows and to demonstrate that by undertaking these events, the NGMC is indeed contributing to the growth of production and exports of non-traditional products.

The last such event, the Essquibo Nite 2002, produced gross receipts of GY\$ 2.1 million and net receipts of GY\$ 971,000. It is not clear whether this event, and in like manner similar events during the year, cover the full cost of the NGMC’s organisation and participation in them.

### **5.5 Staffing**

There are 33 members of staff at the NGMC, including an Acting General Manager (substantive position Deputy General Manager), an Acting Deputy General Manager (Substantive Secretary/Administrative Officer) and an Accountant who constitute the management team. There are also 4 technical officers, including a Market Research Officer, and three Technical Officer Trainees. The Market Research Officer has been employed since September 2001, and the three technical trainees since September 2002. The other 26 staff members are either clerical or service level staff.

#### **5.5.1 Skills and Experience**

Thirteen of the staff members have service of one year or less; 12 have from two to five years’ service at the agency, and six have over five years of service. The Acting General manager has been at the agency for 11 years along with the Brokerage Officer, while the Acting Deputy Manager has been with the agency for 25 years.

The Acting General Manager holds diplomas in agriculture and marketing from the University of Guyana and the technical officers also hold diplomas in agriculture. The Market Research Officer has both a diploma and a bachelor's degree in agriculture. The Acting Deputy manager has been promoted into her substantive position by working through the ranks in her 25 years of service. The Accountant holds a bachelor's degree in accountancy also from the University of Guyana.

It seems clear that the senior members of staff have the basic training and the experience that the organisation requires, while the technical officers have the basic training but are obviously in their first professional jobs and would need appropriate guidance and development and further training in order to serve the agency well.

## **5.6 Financial**

The NGMC is primarily funded by subventions from the Central Government. Each year, the agency is required to submit requests to the Ministry of Finance for recurrent and capital expenditure funding identified as a "Government Grant". In 2001 the grant was valued at GY\$ 29.2 million and compares to GY\$ 26.3 million in 2000 and GY\$ 23.2 million in 1999.

While the grant is the major income inflow to the agency, it also earns income from its retail activities and from some of the other services that it provides. In 2001, the gross margin from retail sales was GY\$ 6.2 million, a reduction from the values of GY\$ 7.1 million earned in 2000 and GY\$ 10.3 million earned in 1999. Income from other sources was GY\$ 1.7 million in 2001, GY\$ 1.3 million in 2000 and GY\$ 2.0 million in 1999.

On the expenditure side, overhead expenses have increased from GY\$ 31.6 million in 1999 to GY\$ 39.9 million in 2000 and then fell back to GY\$ 35.6 million in 2001. The estimated expenditure for 2002 is on the order of GY\$ 38 million.

From these data it can be seen that as expenses continue to rise, the contributions from the retail and other activities are generally in decline. When it is considered that the size of the staff of the agency and the vast majority of its costs are incurred essentially in support of the selling and other activities, it becomes a matter of concern as to whether these financial operations are sustainable.

The NGMC has assets with a net book value of GY\$ 18.0 million as at December 31, 2001. These comprise land and buildings at headquarters in Robb Street in Georgetown, with a net value of GY\$ 10.2 million, plant machinery and equipment valued at GY\$ 4.2 million, furniture and fittings valued at GY\$ 1.1 million and motor vehicles valued at GY\$ 1.2 million. The head office building is dedicated to the administration of the agency on the top floor and to the main retail outlet on the street level floor.

## **5.7 Organisational Effectiveness**

It has been difficult to evaluate the effectiveness of the organisation because of the lack of consistent management data and information that seeks to measure its impact on its target markets. During the earliest phases of its operation in 1963 and for most of the following

twenty years, the organisation acted as a purchaser of all available product in an effort to guarantee prices to farmers. The inability of the government to sustain the costs of such a comprehensive price support and subsidy programme led to the eventual demise of the agency and to its being held in a moribund state for some years. The fact that even during the years of its existence it was forced on numerous occasions to dump product is perhaps indicative not only of the fact that those operations could not be indefinitely sustained but perhaps as well to the lack of effectiveness in creating and developing markets for domestic agricultural products.

During the period from 1985 when the agency was resuscitated as the “New GMC” to 1997 when it returned to retail operations, the oral evidence seems to suggest that it was somewhat more effective in the facilitating role that it adopted. On the other hand the data that would support such a finding is not readily available and it is not possible to identify the precise areas in which production and exports grew and developed on account of the activities of the agency. It is important to note, however, that persons associated with the agency are largely of the view that the years 1985 – 1997 were the best and most effective years for the agency.

The return to direct market activity in the form of retail outlets started in 1997 and this has continued to today. A number of persons who had been associated with the agency during this time and during the earlier period of facilitation (1985 – 1997) have indicated that they were unhappy with both the direction that the agency took in 1997 and with its success. In 1997 both the General Manager and the Deputy General Manager retired from the agency shortly before the retail programme began. It was also suggested to the consultants that several of the technical officers also departed over the ensuing two or three years. Certainly between 1999 and 2001 the new General Manager who was appointed in 1996, firstly in an acting capacity and then later confirmed, was absent from the agency on study leave. Following her return to duty in 2001, she subsequently resigned in May 2002. Since that period the agency has not appointed a substantive General Manager.

In this kind of unsettled management and professional environment any agency will be hard pressed to perform with effectiveness, and the recent history of the NGMC is a testimony to this.

Moreover the retail operations themselves have not demonstrated any long term value or benefit either to the agency, farmers, exporters or other stakeholders in the agricultural sector.

To the extent that these retail operations demonstrated and paved the way for domestic produce to have adequate shelf space in the groceries and supermarkets, the evidence suggests that they no longer perform that strategic role – nor is the role required in the market. The recent involvement of the agency in the purchase of copra in the Pomeroon area on a barter basis also does not contribute evidence of an effective organisation having a major development impact on agricultural production and exports in Guyana.

## 6 Gap Analysis

In section 4 above, we outlined a framework for market development and the promotion of agricultural exports in Guyana, and in section 5 we undertook a review of the existing operations and effectiveness of the NGMC. In this section we seek to develop an analysis of the NGMC's capability to undertake the required roles in the suggested new framework and to identify the gaps existing in the organisation in this regard and the actions that will need to be taken to properly equip the agency to discharge the functions set out in Section 4 above.

This "Gap" analysis is presented in the following table.

Criteria	Standard	NGMC Current Status	Gap	Required Action
<b>Governance &amp; Authority</b>	Operating Policies & Procedures	Non-existent	Lack of clarity, predictability and transparency	Drafting of policy manuals
	Frequency of Board meetings	Adequate	Insufficient delegation of authority	Clear procedures for delegation and accountability
	Defined Responsibilities of Board and of management	Unclear	Slow implementation	Board to define responsibilities clearly and develop performance management systems.

Criteria	Standard	NGMC Current Status	Gap	Required Action
	Standardised Board Reports	Existing	Improvements needed especially in financial reports	<p>New reporting format that allows have an overview on:  Accountability  Finances  Policy  Performance</p> <p>And provide:  Support  Guidance  Protection  Corrective measures</p>
	Communication of Board decisions to staff	No standards established	Staff not sufficiently informed of policy, board thinking and strategic direction	A summary of relevant Board decisions circulated to staff
	Financial regulations	Inadequate	Lack of clarity on current position	Revised financial policies with appropriate and consistent procedures
	Approval & spending limits	Exist	May require updating	Revised financial policies with appropriate and consistent procedures
	Procedures for incurring expenditure	Exist	May require updating	Revised financial policies with appropriate and consistent procedures
	Reporting standards	Exist	Needs Updating	Establishment of new standard management report systems

Criteria	Standard	NGMC Current Status	Gap	Required Action
	Tenders and contracts	Exist	May need revising	Revise standard tender procedures
	H.R. Management	Rudimentary	Staff not performance driven  Staff not self-motivated	Updated HR management and development policies and procedures developed in dialogue with staff.
	Job descriptions	Basic	Need updating	Develop job specs, descriptions and performance standards for new functions
	Competitive compensation policy	Based on Public Service	Good staff easily attracted to leave  Staff not motivated to perform at and beyond potential	Develop and implement benchmarked salary and compensation management system.
	Staff performance and review systems	Public Sector	Insufficient accountability of staff  Low morale	Develop and implement appropriate personnel performance review system
	Policies on leave, travel, study	Public Service	May be unsuitable to new mode of operation	Develop appropriate policies



Criteria	Standard	NGMC Current Status	Gap	Required Action
	Corporate measures of performance	Non-existent	Insufficient accountability of management and staff	Implement corporate performance metrics
Operating Philosophy	Focus	No clear focus on export development.  Too great a focus on retail and market intervention	Need new mandate to establish clear focus	Consensus on the purposes, challenges, methods and goals of an agricultural export promotion agency for Guyana
	Clear targets	Targets not clear	Low success rate	Development of medium term strategic plan and annualised objectives and targets
	Defined areas of competence	No defined areas of operating competence	Ineffective Organisation	New mandate with clear policy statement on the role and areas of autonomy of NGMC
<b>Relationship with Other Agencies</b>	Clear lines of communication  Clear demarcation of competence  Transparent policy and procedures for acting on advice	Sense of needing to fill gaps caused by resource limitations in authorised agencies.  No clear policy for developing exporters and producers	Unable to satisfy needs that are themselves unclear	Consensus and networking exercises with impacting agencies  Focus on developing exporter and producer groups

Criteria	Standard	NGMC Current Status	Gap	Required Action
Organisational Structure	Advocacy	Little capacity	Ineffective impact	Develop advocacy skills
	Information	Basic MIS. No networks or databases,  Terminals used in isolation from each other  No strategy or Plan	Serious information gaps	Develop Information System Strategic Plan to include database development and internal and external networks
	Export Facilitation	No defined strategy or Programme.  Packing and Brokerage services offered	Inadequate level of activities in progress	Strategic Planning for export facilitation and promotion
	Marketing and Promotion	No Plans or Programmes	Poor image of agency.  Need greater efforts to sell the products.	Strategic Planning for marketing and market development.
	Training and Human Resources Development	No Plans and Programmes	Deficiency in staff motivation and effectiveness	Strategic HR Planning tied to overall Strategic Plan

Criteria	Standard	NGMC Current Status	Gap	Required Action
Required Skills	Staffing and Staff Development	Inadequate skills sets	Reduced effectiveness	Comprehensive needs analysis  Staff planning  Staff development programme  Strategic plan for human resources requirements  Recruitment of competent and empowered human resources professional
	Economic analysis – applicable for export facilitation and research	Limited Competence	Insufficient research coverage	Develop capacities using internal as well as external resources
	Negotiations and communications – applicable for advocacy	No experience or success demonstrated	Organisation not perceived as focused on this	Develop capacities
	Training	No Plan or Programme	Insufficient learning within the organisation	Develop Plan related to overall Strategy
	Marketing	No Plan or programme.  Specific activities for Barbados and Antigua delayed	Lack of focus and targets	Develop Plan related to Strategic Plan  Develop implementation plan.

Criteria	Standard	NGMC Current Status	Gap	Required Action
	Project Management – applicable to all areas of competence and should be a part of the critical competencies of all members of staff.	Little Success demonstrated	Inefficiency Ineffectiveness	Training in the project cycle

## **7 Towards a Restructured GMC**

In the earlier sections of this Report, we have outlined a framework against which the Guyana Marketing Corporation may be redesigned. This framework envisages focusing the agency on the development of the export potential for fresh and processed non-traditional agricultural products.

In this section we outline a broad strategic direction for the Corporation with a view to its achievement of the recommended approach.

The framework set out in this Report provides a context for such a mandate and an operational blue print for a restructured agency.

The Board of Directors and the key stakeholders must now determine whether the framework and operational directions are acceptable and are suitable bases on which to formulate a comprehensive strategic plan for the future development of the New Guyana Marketing Corporation.

In order to achieve this the following initial steps should be undertaken.

The Board should consider and approve, amend or restate the recommendations for a framework presented in this report.

The Board should secure agreement and implementation at Government level on the revision of the mandate and the confirmation of the new role of the Corporation. The Government will also have to allocate new and revised powers and authorities for the Corporation within the context of the new mandate.

Secure consensus among the Board, the Government and stakeholders – that is producers, manufacturers and exporters - on the organisational requirements for NGMC.

On the basis of the foregoing consensus develop a comprehensive strategic plan for NGMC. Such a plan to provide for:

Developing an Export Marketing and Promotion Strategy and action plan with clearly defined stages with specific timelines and deliverables. This strategy should include consideration of other commodities for which no strategy currently exists and which may provide opportunities for the NGMC to develop its capacities and capabilities.

Developing an operational plan that will clearly identify the appropriate structure of the organisation and the roles and functions of each functional area.

In tandem with the above, develop a Human Resource Development Strategy for NGMC with targets and an implementation plan.

An Information System Strategy and Plan. This strategy should include a vision, philosophy and architecture that will support the Export Promotion Strategy and the NGMC's capacity to deliver the expected results.

Comprehensive capital development and expenditure budgets.

Specific output and performance targets.